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THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

8 APR 1957

Dear Dick:

Since receipt of your letter which enclosed a series of "20 questions" on SIGINT operations, members of your staff and our staff have met several times to discuss not only ways of answering your questions, but also how to address Charlie Schultze's concern about determining and relating requirements and resource allocations for the national intelligence effort.

As might be expected in areas as critical and complex as these, the conclusions which evolved from the many discussions between and among our staffs make total agreement as to the course of action to take extremely difficult. There is, however, agreement on the following:

- a. All of us concerned with the intelligence community are looking to improve the overall management of intelligence resources. In view of your statutory responsibilities with respect to U. S. intelligence activities and our responsibilities to insure that the Defense intelligence effort is responsive to national objectives, there must be very close cooperation between your staff and ours in these efforts. We are both concerned with preventing organizational or management arrangements which might prove incompatible with interdepartmental operations.
- b. The establishment of intelligence objectives, requirements and priorities is not precise enough for the most efficient allocation of our resources.
- c. There is a need for a "community" target oriented display to aid in a more precise analysis of our allocations of resources to intelligence targets by cost.

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d. The great majority of the "20 questions" on SIGINT cannot be answered in isolation, i.e., trade-off analyses must be made between and among collection systems to determine such answers as "how much", "how often", etc.

e. The objective is to ensure a thorough analysis of the allocation of resources to intelligence requirements, the cost of meeting individual requirements, and the way in which resources are managed so as to be responsive to identified and agreed needs.

It appears to me that both you and Charlie Schultze are questioning the effectiveness of existing interdepartmental actions to establish requirements and current, interdepartmental procedures for allocating intelligence resources to satisfy the requirements. More specifically, Charlie is asking if we can improve our intelligence activities by using a target oriented program structure throughout the range of our intelligence activities, and you are asking specific questions about SIGINT to improve our statement of requirements and allocation of SIGINT resources.

Analyzing both your letters against the backdrop of our current procedures and of our staffs' discussions, I believe that improved cost effectiveness in the intelligence field lies in providing ourselves with improved procedures for establishing intelligence objectives, requirements, and priorities coupled with an improved ability to make trade-off analyses of our collection/production systems.

To accomplish this will require that we subject the entire field to the kind of lengthy analyses we made in the imagery interpretation field and which resulted in our approval of the recent proposals from the Joint Imagery Interpretation Review Group (JIIRG). Inasmuch as the problems you and Charlie raised are more complex than those addressed in the JIIRG, the search for solutions to them will require more fundamental and lengthy analyses in the area of requirements than embraced by the JIIRG and will require considerable effort and time on the part of our organizations. Because of this, should we attempt to address all of the questions at once, I fear that we would overload certain elements of our organizations. Accordingly, I

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recommend that we follow an approach which would include four of the "20 questions" to provide a valuable backdrop and to exercise the important elements of the requirements/production cycle. Specifically, I suggest the following:

HE MEANS "DCI"

a. Following Charlie Schultze's suggestion, we should construct a target oriented display to give visibility to the current allocation of our resources to targets by cost. Because DoD has the bulk of the resources, I suggest that DoD should construct this display using committees comprising representatives from appropriate areas within DoD, CIA and BoB. The terms of reference should be worked out by our staffs to insure that the display will be detailed enough to provide us with a tool to aid in the analysis of resource allocations but not so detailed that it will be unmanageable either in construction or application.

b. Refer Questions 2 and 9 from the "20 questions" to the USIB. This should enhance its ability to discharge the responsibility assigned to it in NSCID #1, namely, "Establish appropriate intelligence objectives, requirements, and priorities." Refer Question 13 to an ad hoc committee comprising representatives from State, DIA and CIA to determine how much the value of intelligence decreases with the age of the information. Finally, refer Question 16 to DDR&E and Systems Analysis for an analysis of future SIGINT operations. I view this as but a first step, recognizing that other questions will be addressed as we continue in our analyses.

In addition, I believe we can use the "20 questions" as a totality to serve another purpose. By referring them for consideration to Dr. Larsen as the Primary Action Officer for the CCP review, we can aid him and his group in the upcoming review. I feel that the questions should permit him and his group, one of whom is a representative from your office, to address issues which are of obvious concern to both you and Charlie Schultze.


I recognize that the course of action that I have outlined here is a time consuming one and will not provide early answers to the questions or an early solution to Charlie Schultze's stated problem.

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I do believe, however, that if significantly improved cost effectiveness in the intelligence field can be achieved, it will be as a result of these types of analyses.

Solis Horwitz will continue to be the focal point on our staff for these matters.

Sincerely,



Honorable Richard Helms
The Director of Central
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Washington, D.C. 20505

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